



Maryland Health Enterprise Zone (HEZ) Health Care Practitioner Personal Income Tax Credit

What is the HEZ Health Care Practitioner Personal Income Credit?

Maryland's Health Enterprise Zone (HEZ) Healthcare Practitioner Personal Income Tax Credit program provides state income tax credits to HEZ practitioners. The HEZ practitioner may apply for tax credit in an amount equal to 100% of the amount of State income tax for income derived from practice in the HEZ. Tax credits are more valuable than deductions because credits are subtracted directly from your income tax liability.

Who may apply?

A Maryland HEZ practitioner who derives income from practicing in an HEZ may apply for this tax credit.

A Maryland HEZ practitioner means that a health practitioner who is licensed or certified under the Health Occupations Article and who provides one or more of the following services in the HEZ:

- (i) Primary care, including obstetrics, gynecological services, pediatric services, or geriatric services;
- (ii) Behavioral health services, including mental health or alcohol and substance abuse services; or
- (iii) Dental services.

How does my practice become certified for the HEZ Health Care Practitioner Personal Income Tax Credit?

To qualify for the HEZ Health Care Practitioner Personal Income Tax Credit, an HEZ practitioner must be certified by the Department of Health and Mental Hygiene (DHMH) as a qualified HEZ practitioner eligible for the tax credits. The process includes the following steps:

- (1) The HEZ practitioner must submit a preliminary application to DHMH. If, based on the information in the application, it appears the practitioner will meet the minimum requirements of the HEZ Health Care Practitioner Personal Income Tax Credit statute, the DHMH will issue a Preliminary Certificate of Eligibility to the HEZ practitioner.
- (2) Once the HEZ practitioner meets the requirements, the HEZ practitioner must submit a final application to DHMH. If the HEZ practitioner qualifies, DHMH will issue a Final Certificate of Eligibility.
- (3) A copy of the Final Certificate of Eligibility must be attached to the HEZ practitioner's tax return (Form 502CR) when the credit is claimed.



How do I claim the HEZ Health Care Practitioner Personal Income Tax Credit?

1. Apply for the HEZ Health Care Practitioner Personal Income Tax Credit through DHMH
2. File your tax return for the current year with the Comptroller's office
3. File form 129 or 156 with the Comptroller's office
4. Apply for final approval through DHMH
5. File an amended tax return, Form 502X with the Comptroller's office
6. Await tax credit from the Comptroller's office

Also, note that the credit is taken against the state income tax only. It is not taken against the county income tax "add-on."

For more information, tax forms and tax return instructions, please visit the Comptroller of Maryland website at <http://taxes.marylandtaxes.com>

If I file my taxes electronically, am I able to access the HEZ Health Care Practitioner Personal Income Tax Credit?

Yes, if you file your tax return electronically, you will be able to file an amended return (Form 502X for residents or Form 505X for nonresidents) electronically to claim the HEZ Health Care Practitioner Personal Income Tax Credit on Form 502CR provided that the software company that you use supports the electronic amended return and binary (PDF) attachments.

For a list of software companies that support amended returns, as well as attachments, please go to the Comptroller of Maryland's website at:
http://taxes.marylandtaxes.com/Tax_Professionals/General_Information/Filing_Methods/Electronic_Filing/Individuals_Electronic_Filing/Approved_eFile_Software_Vendors-Individuals.shtml

If your software company does not support the electronic submission of amended returns or attachments, then you will need to amend your tax return by mail.

What records must an HEZ practitioner provide?

The qualified HEZ practitioner must provide the following supporting documents with the final application:

- IRS form(s) that shows income(s) derived from HEZ practice(s) such as a copy of Form W-2, Form 1099, and/or Schedule C (Form 1040), AND;
- A copy of Maryland Form 502 or Form 505NR certified by the Comptroller of Maryland.

To obtain the certified copy of Maryland Form 502 or Form 505NR, please visit the Comptroller of Maryland website at <http://taxes.marylandtaxes.com> to download Form 129 'Request for Copy of Tax Form' or Form 156 'Authorization for the Release of Tax Records/Information'.



I am an eligible practitioner practicing in an HEZ but have been working in the HEZ prior to it being designated as one, do I qualify?

Yes, you do qualify.

Is business information submitted to the Department confidential?

Generally yes, subject to the provisions of the Maryland Public Information Act and of Maryland Code, Tax-General Article, Title 13, Subtitle 2 [Confidentiality].”

How is funding allocated for the tax credit?

Tax credits are subject to the availability of funds for tax credits in the each individual Health Enterprise Zone budget and will be awarded on a first-come, first-served basis, as determined by DHMH in its sole discretion.

Whom should I contact with more questions?

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